

Administrative reform in Ukraine: has the threshold been passed?

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The first stage of the administrative reform in Ukraine, declared to be aimed at achieving effective state governance, is about to be completed - at least some of Ukrainian government officials believe that to be the case. Yet, the process of reforming the bodies of state power and disseminating valid information about the measures taken to introduce good governance standards and practices has been generally criticized as inconsistent and slow.

The problem is not insufficient effectiveness of the mechanisms used to implement the reform, and not only the lack of transparency, but the whole set of complex well-established problems of relations between Ukrainian state institutions and individuals. The situation was inherited from the previous Soviet-time system of governing by command, exclusively planned economy and domination of the state power over all spheres of societal life.

Notwithstanding the crucial political and economic changes, little has changed since then as far as the system of governance is concerned. No significant transformation has occurred in the general attitude of distrust of Ukrainians to state institutions, caused by the notorious lack of transparency and accountability of state agencies to the civil society. Therefore, one of the goals of the current administrative reform was announced as developing mechanisms for ensuring accountability of state institutions to citizens for the decisions made and measures implemented; availability of high-quality governmental services to the citizens, provided to their final consumers by highly professional, politically neutral and unbiased civil servants; elimination of factors in state administration that may cause corruption and abuse of office by civil servants. It is still a big question whether this goal is achievable for the Ukrainian government in the near future. In addition to other challenges, Ukrainian society lacks experience of using effective techniques of influencing bureaucratic structures. The answer to this question may be given by the implementation of administrative reform and, to a great extent, by consistency in the pursuit of economic, social and political reforms, for these multifaceted transformation processes are closely linked. In order to be a reform, and not just yet another lay-off or staff reshuffle, the administrative reform in Ukraine has to be linked to a systemic political reform. Alongside these processes, as Director of the Center for Economic Research Dr. Oleksandr Pashkaver argues, strategic governance techniques must be implemented at all levels of the existing system. Otherwise the government is doomed to continue its ineffective practice of acting as an emergency team providing rapid response to daily economic challenges.

The current administrative reform effort was launched by the State Commission for Administrative Reform led by Ukraine's first president Leonid Kravchuk and designed to identify principle directions of reforming the system of governance in Ukraine. The ideology and foundations of the administrative reform in its current scope was laid by the Concept of Administrative Reform (1998) and President Kuchma's decrees signed in December 1999. Although the need to pursue the administrative reform had been discussed for a rather long period of time, particularly when negotiating a portion of assistance or a loan with donors, the initial practical steps were made shortly after Leonid Kuchma was re-elected for the second term as the President of Ukraine in November 1999. Commenting on the pursuit of the administrative reform, Leonid Kuchma argued the preparations had been long and thorough, and the goal of the administrative reform had been to reduce state interference with the economy (Uriadovyi Kurrier, December 18, 1999). Before the administrative reform began, Ukrainian government consisted of 18 ministries, 20 state committees and 50 other central executive agencies. On December 15, 1999, President Kuchma signed three decrees on administrative reform, received positively even by skeptics. Commenting on the decrees, former vice prime minister of Ukraine Victor Pynzenyk, MP, described them as the strongest decrees of the President (Den, December 30, 1999). The first of the decrees, On the System of State Bodies of Executive Power (No. 1572/99) re-organized the Cabinet of Ministers and reduced its composition to 20 top executive officials, including the prime minister, four vice prime ministers and 15 ministers. It also limited the maximum number of deputy ministers to four - a noticeable reduction from up to fifteen deputies some ministers used to have before. It also reduced the number of ministries from 18 to 15, and made a number of other organizational changes (described in detail in UCIPR's Economic Reform Update, January 2000, <http://www.ucipr.kiev.ua>). In a way, the decree became a substitute for the law on the Cabinet of Ministers of Ukraine, still debated by the parliament after the previous bill was vetoed by the president.

The second decree, On Changes in the Structure of Central Bodies of State Power (No. 1573/99), introduced changes for the purpose of improving the structure of bodies of executive power and raising effectiveness of state governance . The re- organization was expected to result in reduction of the total number of central executive agencies to 35. Commenting on the need for 100-percent re-organization of bodies of executive power , presidential chief of staff Volodymyr Lytvyn argued that before, when we had any need, we created a relevant agency but did not address the problem itself (Ukraine Moloda, December 16, 1999).

The third decree, On the Composition of the Cabinet of Ministers of Ukraine (No. 1574/99), re-organized the Cabinet and introduced a position of the Governmental Secretary instead of the Minister of the Cabinet. It also transformed the Cabinet's apparatus into the operational secretariat - a change viewed as significant for facilitative relations between the government and the parliament. Yet, high-ranking Ukrainian government officials are wary about general perception of the administrative reform in Ukraine as mere reduction of the number of bureaucrats, described by First Vice Prime Minister Yuri Yekhanurov as simplistic . Instead, he argues that the process of administrative reform, structural break-up , must be regarded more deeply and profoundly, for quantitative reduction and mergers of governmental institutions follow analysis of functions of individual agencies, intended to prevent duplication of functions and delegate relevant functions down to the regional level.

According to authors and high-ranking performers of the administrative reform, the process is being pursued with the sense of awareness that the good cause should have strong fists . Statistic reduction of a number of ministries, departments and their staffs has faced strong opposition of the apparatus . To date over 17,000 civil servants have been laid off. By the end of the year, about 300,000 jobs will have been lost in the infrastructure services previously designed for the needs of central governmental agencies that are now being liquidated. Far from all of the civil servants managed to find new jobs, and, according to Yekhanurov, about 10 percent of them have reached the retirement age, which, in addition to difficulties of adaptation to new demands and conditions of work, will make their employment problematic. The substantial reduction in number of staff of governmental agencies had strong financial implications: under the Ukrainian law, any civil servant who has been laid off is entitled to two monthly salaries and state assistance in finding adequate employment. Although it is still early to evaluate the real financial effect of the government agencies' staff reduction, according to Yekhanurov, the measure will allow the budget to save from UAH 50 to 70 million a year. In general, the administrative reform project has been paid for by the World Bank, which provided about US\$ 300,000 primarily for training of civil servants and study visits abroad.

The next stage of the administrative reform is expected to begin immediately after the government re-organization and reduction procedures are complete. According to Yekhanurov, the key word of the transformations expected to occur within that period is procedure . The new stage of the administrative reform is expected to produce generally clear and transparent definition of functions of all ministries and governmental agencies, introduction of clear procedures and mechanisms of accountability of state officials and civil servants for their decisions and actions, and elimination of factors that cause corruption. The immediate result expected to be obtained from implementation of this stage of reform includes ensuring transparency of procedures and methods of adoption and implementation of decisions by governmental agencies, accountability of state officials to the society, maximum decentralization of decision-making authority and of distribution of budget funds at regional and local levels in order to provide for quality governance services to people.

In order to implement the declared measures, within the forthcoming month the Cabinet will have to propose about 250 amendments to the current laws that would allow decentralization of the state governance functions. While the Cabinet has been rather slow in showing real progress in the pursuit of reform, its performance has become an object of criticism. Last week the top government officials were publicly criticized by the President of Ukraine, when reporting on their activities at the Cabinet's open session. A number of national and subnational executive agencies have not finalized draft regulations for their activity, though deadline had passed in March. Currently only the Ministry of Emergencies, the Ministry of Fuel and Energy, and the State Archive Committee function under updated regulations. The delay in the restructuring process caused additional costs to the budget. According to the official diagnoses , the situation has been caused, among other things, but the fact that not all leaders of ministries and state committees are fully aware of the purpose of the administrative reform.

Decentralization of functions of the government is mistaken for decentralization of its authority and the right to use discretion when implementing (or ignoring) particular decisions. The top state officials' annoyance is understandable: in their view, the administrative reform has been designed to optimize the government-ministry relations, lift excessive bureaucratic burden, eliminate duplication of functions and, finally, strengthen the vertical executive power structure instead of undermining it. It has been argued that delegating additional functions to ministries and giving ministers the status of political

actors involves, primarily, increase in their responsibility for implementation of the President's and the government's policies in general and individual tasks in particular. Meanwhile, many of new political actors are obviously not prepared for the new role, and the status itself remains indefinite and obscure. A specific result of the administrative reform must be new general public awareness of the fact that a civil servant works to provide services to members of the society, and not vice versa. Commenting on the pursuit of the administrative reform at a recent press conference, Yuri Yekhanurov asked rhetorically: Could you please tell me when a person will say: I pay taxes, and I pay you, bureaucrat. You should be accountable to me, and you should give me services for that money. Today there is still no answer to that question. Meanwhile, unless the civil society component of the administrative reform is enforced, unless a true civil society control over the process of formulation, adoption and implementation of government's decisions, and budget spending is introduced, hopes that internal control mechanisms created within governmental agencies will produce the adequate results are doomed to be futile.

Therefore, notwithstanding some changes and the local-sized structural revolution in the Cabinet of Ministers, Ukrainian officials and the civil society will have to do much more to promote the administrative reform to make the changes instrumental for achieving the general success of Ukraine's economic, political and social transformation.